

State of Alaska FY2006 Governor's Operating Budget

Department of Natural Resources Recorder's Office/Uniform Commercial Code Component Budget Summary

Component: Recorder's Office/Uniform Commercial Code

Contribution to Department's Mission

To provide and maintain a secure and impartial place to accept documents (consisting of mining claims, land transfers, and a variety of real estate and personal property recordings and filings) into the permanent public record in the manner prescribed by Alaska law, and to protect, preserve and enhance the public record for the benefit of present and future generations.

Core Services

The primary public services provided by the Recorder's/UCC component are mandated by statute and include the following:

- (1) examine, record or file, process, and return documents as prescribed by law;
- (2) securely store and preserve all documents submitted for record;
- (3) maintain and update grantor/grantee and location indices for accurate retrieval of the public record;
- (4) provide record searches and copies of Uniform Commercial Code documents upon written request of user; and
- (5) administer recording/filing services, maintain public libraries of recorded and filed documents in thirteen rural and urban recording locations serving 34 recording districts and UCC Central File.

End Results	Strategies to Achieve Results
A: Enhance the operation of commerce (personal and commercial) within Alaska. <u>Target #1:</u> 100 percent corrections made to index of recorded documents <u>Measure #1:</u> % of correctable errors made to the index of recorded documents	A1: Timely recording and handling of all documents. <u>Target #1:</u> Complete within 1 day (24 hours) <u>Measure #1:</u> Timely input of documents into the index <u>Target #2:</u> Documents verified within 7 calendar days <u>Measure #2:</u> Timely verification of documents <u>Target #3:</u> Original documents returned within 30 days of recording <u>Measure #3:</u> Timely return of original documents to customer <u>Target #4:</u> 100% UCC conformed copies mailed within 24 hours of filing <u>Measure #4:</u> % timely return of UCC conformed copies to customers A2: Create and maintain accessible archival record <u>Target #1:</u> Continue back conversion of microfilm to digital images covering 1980 back to 1977. Continue backwards as funding allows. <u>Measure #1:</u> # of years worth of historic document images available on intranet A3: Create permanent archival record to preserve the history of land, personal, and commercial transactions in Alaska. <u>Target #1:</u> 2,000 historic books accessioned to State Archives

Measure #1: # of books accessioned to State Archives.

Major Activities to Advance Strategies

- Enhance system through completion of Cadastral project (plat scanning and back indexing)
- Examine, record/file, receipt, and process original documents
- Maintain and update grantor/grantee and location indices for retrieval of documents
- Provide searches and copies of recorded and filed UCC documents
- Return original recorded documents to customers
- Customer assistance in use of library facilities
- Archival and administrative processes
- Provide electronic access to records through the WEB, providing CDs, and electronic downloads

FY2006 Resources Allocated to Achieve Results

FY2006 Component Budget: \$3,641,300

Personnel:

Full time	45
Part time	11
Total	56

Performance Measure Detail**A: Result - Enhance the operation of commerce (personal and commercial) within Alaska.****Target #1:** 100 percent corrections made to index of recorded documents**Measure #1:** % of correctable errors made to the index of recorded documents

Analysis of results and challenges: Corrections to the index are made 100% once an indexing error is identified. We continue to explore ways to identify common indexing errors made by Recorders that can be corrected in the data base. Typographical errors presented on the document cannot be corrected by Recorders as all documents must be input exactly as presented.

A1: Strategy - Timely recording and handling of all documents.**Target #1:** Complete within 1 day (24 hours)**Measure #1:** Timely input of documents into the index**5-Year Volume Totals**

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2000	57658	54056	48821	51633	212168
2001	50736	53105	54689	57278	215808
2002	55717	63324	52941	60218	232200
2003	61934	73059	67686	81909	284588
2004	82538	76496	57384	67924	284342

Analysis of results and challenges: In FY03 & 04 the component experience a record workload of over 284M documents. Higher interest rates have contributed to a slight reduction in volumes, however FY05 volumes are still over 20% higher than in FY01. The 24 hour target of input is met most of the time.

Target #2: Documents verified within 7 calendar days**Measure #2:** Timely verification of documents

Analysis of results and challenges: Due to heavy workload the verification of documents was not always completed within the 7 calendar days. Specifically the Anchorage and Palmer offices were falling behind. To address this we have shifted staff in FY05 from Fairbanks to Anchorage and authorized one additional position for the Palmer office. In FY04 we added non-perm staff, funded through a supplemental budget to assist with routine tasks such as copying and mailback.

Other long-term strategies to stay within the target are institution of dual-screen technology which allows other offices to verify the work of the Anchorage and Palmer areas.

Target #3: Original documents returned within 30 days of recording

Measure #3: Timely return of original documents to customer

FY Total Number of Pages Handled

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2000	126848	123788	102524	108429	461589
2001	115837	120031	130480	177374	543722
2002	127858	192268	236042	209417	765585
2003	229906	284781	261636	308282	1084605
2004	352430	250660	193626	230941	1027657

Analysis of results and challenges: The 30 day target of mailback of original documents has been difficult to meet due to record volumes. Compared to previous years we have a better record but we continue to look at efficiencies in our mailback process. Scanning and returning documents to presenters has been explored but was not acceptable to our users.

Target #4: 100% UCC conformed copies mailed within 24 hours of filing

Measure #4: % timely return of UCC conformed copies to customers

Analysis of results and challenges: Delays in the return of conformed UCC filing copies adversely impact lending institutions who require the filed copies in order to disburse loan funds.

A2: Strategy - Create and maintain accessible archival record

Target #1: Continue back conversion of microfilm to digital images covering 1980 back to 1977. Continue backwards as funding allows.

Measure #1: # of years worth of historic document images available on intranet

Analysis of results and challenges: For the Southeast area 10 years of microfilm were converted to digital images via a joint partnership with a Southeast Title Company. The partnership enabled the State and the Title Company to convert more years than either could have done alone. Once the conversion index is complete the images will be posted on the intranet.

The same time period for the remaining regions are targeted to be completed by June 2005.

A3: Strategy - Create permanent archival record to preserve the history of land, personal, and commercial transactions in Alaska.

Target #1: 2,000 historic books accessioned to State Archives

Measure #1: # of books accessioned to State Archives.

Analysis of results and challenges: There are approximately 6,000 historic recording books across the state. To date, 2,049 books have been accessioned to State Archives including 130 Nome books which were recently transferred. Some of the older books currently being scanned are in various stages of deterioration due to handling, natural disasters (flood, fire, etc.), which results in the scanning process taking longer to produce an acceptable image. It is expected once some of the books in better condition are up for scanning the process will go much faster.

Key Component Challenges

- 1) Web access to recorded document images and UCC filings continues to be a priority. We currently have images for plats, conveyance documents and mining documents available on the Internet. Through the Cadastral project we are scanning all plats statewide and completing back indexing of these records.
- 2) The component's workload is highly cyclical in both good and bad economic times. Recording is a time sensitive process and monetary losses can and do occur if such recording does not timely occur. Every effort is made to ensure all documents are input into the system the same day they are received and recorded.
- 3) Meeting performance objectives continues to be an on-going challenge due to substantially increased recording volumes, static staffing levels, and logistical problems with remote locations. The component has been able to utilize split screen and dual monitor technology at remote offices to assist with verification backlogs.
- 4) Scanning/filming/preservation of original book records continues to be a priority. The component continues the scanning of original historic books so they may be accessioned to State Archives for permanent storage. The project also provides digital images for statewide customer research.
- 5) Conversion of film records to digital format in order to facilitate customer research and back indexing of documents recorded prior to 1971 is another ongoing objective for the component. Customers benefit tremendously from having access to document images from the entire state, which has been the case since the statewide imaging began in July 2001. Converting the film records to digital images will greatly enhance the public's ability to research property records throughout Alaska.
- 6) Electronic recording pilot program. Many jurisdictions are moving to electronic recordation processes to curb the paper flow and streamline recording. Several large users have expressed an interest in exploring this concept further in Alaska for real estate transactions. The component is monitoring efforts at the national level to establish specific guidelines and standards for electronic recording processes nationwide.
- 7) Expanded workloads in Anchorage and Palmer continue to be a challenge. Repetitive backlogs in essential functions have been the norm for the past four years. The component continues exploring ways to use technology to help eliminate backlogs.
- 8) Community-based single staffed recording offices and equity of workload. The component currently has eight single staffed offices statewide. While it is desirable to maintain a presence in these communities for prompt recordation of real estate transactions, many internal operational issues arise as a result of having remote offices. These issues include closures and alternate coverage during employee leave or illness, low volumes of recording (when other offices have more work than they can possibly handle), off site supervision, training and evaluation, and similar issues. The component is pursuing electronic solutions to help distribute work to other offices that can provide assistance.
- 9) Begin conversion of aperture cards to digital images and create archival roll film from the images. Entire series is indexed and images would become available on the Intranet.
- 10) Turnaround time for return of original recorded documents. This is a recurring problem for the component because of the cyclical fluctuations in workload mentioned above.

Significant Changes in Results to be Delivered in FY2006

The FY06 Governor's budget requests funding for the Recorder's/UCC component at a level equivalent to FY05 (\$3,111.2), plus changes to retirement and other personal services (\$98.9), and also includes an increment (\$190.0). This level of funding provides four permanent part-time positions that will take over mail back functions thereby reducing or eliminating the ongoing need for non-permanent positions to work on mail backlogs. In addition, this funding will also help bring the vacancy factor close to 5%. Our goal is to keep existing offices open with the funding provided and find a long term solution to the on-going mail back backlog. The priority for handling volumes in excess of the average workload will be decided based on cost and volumes, and in which locations the volumes can be most efficiently processed.

Volumes in excess of the average workload may have the following detrimental impacts to the public:

1. In multiple recording locations not all documents will be fully indexed the day they are recorded if there is insufficient staffing to handle this critical function. This will result in delayed indexing information being made available to the public. If title companies are unable to date down with current information, real estate closings may have to be deferred.

2. The component will encounter delays in returning original documents to their owners within 30 days of recording.
3. UCC searches cannot be performed when there are backlogs in indexing and verification. Failure to certify UCC searches on a prompt turnaround of 48 hours or less will adversely affect lending institutions that require the search information to close loan transactions.
4. Backlogs in one or more critical recording functions, such as those noted above, will also impact the component's ability to produce scanned images and film of the recorded documents in a timely matter and to make this information available to the public in its recording offices throughout the state.
5. With insufficient staffing to handle the increased workload the component may have to delay production of conformed and certified copies at the time of recording. This would have a significant adverse impact for lending institutions that require these copies in order to disburse funds on loan transactions.

Major Component Accomplishments in 2004

The biggest accomplishment for the Recorder's Office in FY04 was that it kept up with the efforts of Alaskans to refinance their mortgages for homes and businesses. The resulting workload put a strain on the employees and the system, but thanks to improved technology, supplemental staffing and funding, performance standards were maintained as close as was reasonably possible.

FY04 was another record year for the Recorder's/UCC component in terms of documents processed and revenue generated. Due to continued low interest rates mortgage refinance activity remained at record levels. The component recorded/filed 284,342 documents during FY04, a 22 per cent increase over FY02, and only 246 documents short of the record number recorded/filed in FY03. Actual document page count increased 41 per cent over FY02 when 1,084,605 pages were processed throughout the state. FY04 revenues reached an all-time record high for the component at more than \$8.1 million, up \$3 million from FY02 and almost \$1 million over FY03.

The component's FY04 accomplishments include the following:

1. The Cadastral project got underway in January 2003. The project involves interfacing older plats with plat images and making them available for public research on the internet, which went into effect July 1, 2003. The objective is to have all statewide recorded plats available on the internet for customer research and review. Original plats are being obtained from various boroughs, municipalities, and as a download from the Land Administration System (LAS) within DNR. Also, as part of this project a video was created "Buy It, Sell It, Record It" was completed and distributed that explains the importance of recording in Alaska.
2. The Seward recording district was relocated to an office operated by the Department of Natural Resources and out from under the Court system.
3. Recording and Filing fee increases were implemented in January 2004 which contributed to the record revenue collected of \$8.1 million in FY04.

Fiscal Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	FYTD
2000	\$1,158,799	\$1,084,625	\$906,841	\$999,884	\$4,150,149
2001	\$1,025,945	\$1,067,638	\$1,077,059	\$1,269,786	\$4,440,428
2002	\$1,257,848	\$1,472,784	\$1,224,951	\$1,358,759	\$5,314,342
2003	\$1,543,134	\$1,899,669	\$1,701,697	\$2,131,788	\$7,276,288
2004	\$2,182,273	\$1,815,564	\$1,799,319	\$2,332,696	\$8,129,852

4. The Recorder's/UCC section continued a multi-year statewide project to preserve thousands of historic books that are in various stages of deterioration. Because of new technology now available the historic books are being scanned so the images may be enhanced. These images are then burned to film using a special piece of equipment called an Archive Writer. The books are then accessioned to State Archives for permanent storage under secure and climate controlled conditions so that further deterioration can be averted. 929 original books were accessioned to State

Archives in FY04 making the total accessioned 1,919. Approximately 1100 historic books from the Nome Recorders Office were brought to Anchorage for inventory, cleaning, and scanning. This required careful negotiations with the City of Nome officials and the State Archivist due to the political nature of removing books from the community.

5. Programming work was completed on the UCC electronic filing project and online UCC filings became a reality in January 2004. At the end of FY04 301 on line filings had been received. We also completed the purge of all inactive UCC documents as required under Revised Article 9. This results in faster retrieval of information in the system.

6. The Uniform Electronic Transactions Act (UETA) passed during the FY04 session. This act opens the door for the use of electronic signatures, and ultimately the electronic recording of documents.

7. The Recorder's/UCC section entered into a joint venture with Ketchikan Title Company for the conversion of Southeast film records from 1997 back to 1977, to digital images. This partnership is enabling the component to complete the conversion of approximately 10 years worth of film records, to digital images. CIP funding along with this partnership will result in statewide digital images on the Intranet available to all customers.

8. In order to meet increased workload in the future and take advantage of capacity elsewhere in the state, a new strategy will be employed. Dual screen and split screen technology was successfully tested and is being implemented at the Anchorage, Palmer, and Kenai offices. It is anticipated other recording offices will also be set up with this technology. This will help ease verification backlogs by allowing other offices to assist without generating paper copies.

9. Obtained approval to add a permanent full-time position to the Palmer office. We are also transferring a seasonal position from Fairbanks to Anchorage to provide on-going assistance with their continued high volumes of documents. We continue to review positions and reclassify or realign our workforce in order to adjust to workload requirements.

Statutory and Regulatory Authority

STATUTORY/REGULATORY CITATIONS

(and various other statutes under 19 titles that affect recording and filing)

AS 37.05
AS 40.17
AS 44.37
AS 45.29
11 AAC 05, 06

Contact Information

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**Recorder's Office/Uniform Commercial Code
Component Financial Summary**

All dollars shown in thousands

	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	2,703.6	2,677.4	2,894.3
72000 Travel	4.7	15.8	15.8
73000 Services	648.3	585.7	632.2
74000 Commodities	109.2	82.4	89.0
75000 Capital Outlay	10.8	10.0	10.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	3,476.6	3,371.3	3,641.3
Funding Sources:			
1007 Inter-Agency Receipts	30.4	0.0	0.0
1061 Capital Improvement Project Receipts	58.3	0.0	0.0
1156 Receipt Supported Services	3,387.9	3,371.3	3,641.3
Funding Totals	3,476.6	3,371.3	3,641.3

Estimated Revenue Collections

Description	Master Revenue Account	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
<u>Unrestricted Revenues</u>				
Receipt Supported Services	51073	4,560.1	4,928.7	5,102.2
Unrestricted Total		4,560.1	4,928.7	5,102.2
<u>Restricted Revenues</u>				
Interagency Receipts	51015	30.4	0.0	0.0
Receipt Supported Services	51073	3,387.9	3,371.3	3,641.3
Capital Improvement Project Receipts	51200	58.3	0.0	0.0
Restricted Total		3,476.6	3,371.3	3,641.3
Total Estimated Revenues		8,036.7	8,300.0	8,743.5

**Summary of Component Budget Changes
From FY2005 Management Plan to FY2006 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2005 Management Plan	0.0	0.0	3,371.3	3,371.3
Adjustments which will continue current level of service:				
-FY 05 Bargaining Unit Contract Terms: GGU	0.0	0.0	26.5	26.5
-FY06 Cost Increases for Bargaining Units and Non-Covered Employees	0.0	0.0	82.5	82.5
Proposed budget increases:				
-Add Four Part-time Positions to Address Mailout Objectives	0.0	0.0	90.0	90.0
-Funding Required to Retain Service at all Existing Offices	0.0	0.0	71.0	71.0
FY2006 Governor	0.0	0.0	3,641.3	3,641.3

**Recorder's Office/Uniform Commercial Code
Personal Services Information**

Authorized Positions			Personal Services Costs	
	<u>FY2005</u>			
	<u>Management</u>	<u>FY2006</u>		
	<u>Plan</u>	<u>Governor</u>		
Full-time	44	45	Annual Salaries	1,965,997
Part-time	8	11	COLA	27,660
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	1,146,677
			<i>Less 4.85% Vacancy Factor</i>	(152,334)
			Lump Sum Premium Pay	0
Totals	52	56	Total Personal Services	2,988,000

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Assistant	1	0	0	0	1
Administrative Clerk II	4	0	0	0	4
Analyst/Programmer IV	1	0	0	0	1
Recorder II	12	5	2	14	33
Recorder III	2	0	1	1	4
Recorder IV	1	1	0	1	3
Recorder Mgr	2	0	1	0	3
Recorder Technician	5	0	0	0	5
Recorder Technician Supervisor	1	0	0	0	1
State Recorder	1	0	0	0	1
Totals	30	6	4	16	56